DOCUMENT RESUME

ED 327 916 EA 022 523

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TITLE Methods of Financing Educational Facilities in the United States.
INSTITUTION University Council for Educational Administration, Manhattan, KS. Center for Education Finance.
PUB DATE Nov 90
NOTE 20p.
PUB TYPE Reports - Research/Technical (143)

EDRS PRICE MF01 Plus Postage. PC Not Available from EDRS.
DESCRIPTORS Building Obsolescence; *Capital Outlay (for Fixed Assets); *Educational Facilities; *Educational Facilities Improvement; *Educational Finance; Elementary Secondary Education; Financial Policy; *Financial Support; School Buildings; School Construction; *State Aid; State Surveys
IDENTIFIERS *Kansas

ABSTRACT

In February 1990, special hearings were held by the Kansas Senate and House Education Committees on the physical condition of school facilities. This document offers a three-part synopsis: a brief and selective review of the testimony given in February 1990; an overview of general finance methods; and a state-by-state executive summary of the individual states' facility finance provisions. The testimony argued that for legal, ethical, and economic reasons Kansas should consider assisting districts with their facility needs; more generally, there is a history of litigation that intimates that states may increasingly be held responsible for assisting local districts. In regard to finance methods, capital outlay as an issue of equity has been subjected to three standards: resource accessibility, wealth neutrality, and taxpayer effort. Currently 30 states provide some true grant-in-aid assistance, and 35 states provide either grants or loans. The methods are generally: (1) full state support; (2) equalization grants; (3) matching grants; (4) flat grants; (5) state loans; and (6) building authorities. In the third part, details of individual state methods are provided in alphabetical order by state. (17 references) (MLF)

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ED327018

Methods of Financing Educational Facilities in the United States

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U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
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Presented to the
Special Committee on School Finance
Kansas Statehouse

November 1990

EA 022 523

METHODS OF FINANCING EDUCATIONAL FACILITIES IN THE UNITED STATES

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Prepared for the
Special Committee on School Finance

Kansas Statehouse
November, 1990

WHAT ARE THE ISSUES?

* In February 1990, special hearings were held by the Kansas Senate and House Education Committees on the physical condition of school facilities. Those meetings further explored how facilities are financed in the nation and the state through testimony contained in a publication by the UCEA Center for Education Finance at Kansas State University entitled:

TEN CRITICAL QUESTIONS
REGARDING
FINANCING FACILITIES IN KANSAS.

* Because there is evidence of widespread facility needs and because education finance litigation is increasingly encompassing how school facilities are constructed and maintained, the publication explored ten specific questions:

1. *WHAT IS THE OVERRIDING SINGLE CONCERN?*
2. *WHAT ARE THE COURTS SAYING?*
3. *WHAT ARE THE DIMENSIONS ELSEWHERE AND IN KANSAS?*
4. *HOW DO CURRENT FUNDING LEVELS COMPARE WITH NEEDS IN KANSAS?*
5. *HOW ADEQUATE IS FACILITY FUNDING IN KANSAS?*
6. *IF COMMON EQUITY MODELS WERE IMPLEMENTED, WHICH ONES BEST SATISFY ADEQUACY AND EQUITY REQUIREMENTS?*
7. *WHAT WOULD BE THE ESTIMATED COST OF EACH MODEL?*
8. *WHAT ARE THE OTHER STATES DOING?*
9. *WHAT ARE THE POSSIBLE SOLUTIONS?*
10. *WHAT SHOULD KANSAS DO?*

* In November 1990, the Special Committee is again exploring how facilities are financed, and the Committee has asked the UCEA Center to prepare a lengthier review of various state funding methods. Consequently, the following pages offer a three part synopsis: a brief and selective review of the testimony given in February 1990, an overview of general finance methods, and a state-by-state executive summary of the individual states' facility finance provisions.

I. THE TESTIMONY

* THE TESTIMONY in February 1990 argued simply that:

    * The overriding concern is that we have problems in Kansas which we should consider before we are legally forced to address them because litigation is increasingly including facilities as an equity claim.

    * Sophisticated formulas have been developed for General Fund, Transportation, Special Education, and other services, while Capital Outlay has been overlooked and underestimated because of tradition, oversight, and its enormous costs.

    * For legal, ethical, and economic reasons, Kansas should consider assisting districts with their facility needs.

THE COURTS

* The courts have further become increasingly interested in capital outlay as an issue of equity. As litigation has evolved, equity has been subjected to three standards:

    * *RESOURCE ACCESSIBILITY*: Do students have equal access to appropriate resources to meet educational needs?

    * *WEALTH NEUTRALITY*: Are variations in revenue unacceptably related to local wealth factors?

    * *TAXPAYER EFFORT*: Does equal tax effort produce equal revenue, thereby guaranteeing equal protection?

    * When these standards are applied to facilities, equity is absent in those states which fail to aid facility finance, and there is a history of litigation which intimates that states may increasingly be held responsible for assisting local districts:

        SERRANO v PRIEST (1971)
        ROBINSON v CAHILL (1972)
        RODRIGUEZ v SAN ANTONIO (1973)
        SHOFSTALL v HOLLINS (1973)
        CINCINNATI v WALTER (1979)
        PAULEY v KELLY (1979)
        JENKINS v STATE OF MISSOURI (1987)
        ROSE v COUNCIL FOR BETTER EDUCATION (1989)
        EDGEWOOD v KIRBY (1989)
        ABBOTT v BURKE (1990)

DIMENSIONS OF THE PROBLEM

* The dimensions of the problem are great. For example:

NATIONALLY

* Ohio schools are seeking $38 million in emergency aid.

* Texas has sought $100 million in emergency funds.

* California voters approved $4.2 billion in repairs.

* A South Carolina court has intentionally circumvented voters by approving lease-purchase to relieve $1 billion in needs which had continually failed in referenda.

* Maine has approved $200 million over three years.

* Oklahoma estimates $622 million in unmet needs.

* North Carolina has a new aid package of $3 billion.

* Texas has estimated $5 billion in new needs by 1995.

* SUMMATIVELY IN THE NATION:

    * 25% of buildings are totally inadequate;

    * 33% are rapidly becoming inadequate;

    * 61% need major repair;

    * 43% are obsolete;

    * 42% are environmentally hazardous;

    * 13% are structurally unsound.

    * National replacement cost is $422 billion.

    * $125 billion is needed now to repair and retrofit.

KANSAS

* Kansas fits the stereotype of the nation:
    * 27% of buildings are beyond expected life;
    * 26% are in fair to poor condition.
    * Rural schools have in excess of $60 million in deferred maintenance.
    * Urban needs exceed $321 million.
    * In 1989 Kansas districts spent about $61 per pupil for facility needs but estimated about $953 per pupil in true needs.
    * Yet 4 mills yielded from $12 to $2,380 per pupil in the same year, depending on district wealth.
    * Tax rates would range from 9 mills to 118 mills if each district were to fully fund its own capital outlay needs.
    * This must be weighed against the fact that districts have little room for new tax effort:
        * 80% of Kansas districts already levy for capital outlay;
        * 54% already levy for debt service;
        * More than $400 million in debt exists;
        * Nearly half of all bond elections fail.

* IN CONTEXT OF RESEARCH DEMONSTRATING THAT LOCAL WEALTH DRIVES DECISIONS TO REPAIR AND IMPROVE FACILITIES, SERIOUS LEGAL AND ETHICAL PROBLEMS IN PROVIDING EQUAL OPPORTUNITY EXIST FOR STATES LIKE KANSAS WHICH DO NOT ASSIST IN MEETING LOCAL DISTRICTS' NEEDS.

II. WHAT ARE OTHER STATES DOING?

* In contrast, many other states have made provisions for state aid in facility financing, beginning as early as 1901 when Alabama began providing aid to establish rural schools. State involvement has rapidly increased until currently 30 states provide some true grant-in-aid assistance, and 35 states provide either grants or loans. The methods are generally:

  * FULL STATE SUPPORT
    * Major assumption of costs by the state.
    * Education is the state's full responsibility.
    * Advantages are using the wealth of the entire state, broadest tax base, and wealth neutrality.
    * Disadvantages are higher state costs, loss of local control, and lowered local incentive.

  * EQUALIZATION GRANTS
    * Given in inverse relationship to ability to pay.
    * Advantages are state responsibility, retains local incentive, and sensitive to wealth neutrality.
    * Disadvantages are if not power equalized, lids depress local incentive, and success depends on a sufficient level of state participation.

  * MATCHING GRANTS
    * A cost-share ratio legislatively determined.
    * Advantages are that state contribution allows districts to plan ahead and, if open-ended, local choice is maximized.
    * Disadvantages are that the state share tends to vary with the economy and, if not open-ended, the ratio of state participation is especially critical.

  * FLAT GRANTS
    * All districts receive some aid.
    * Advantages are political expediency, local costs are reduced, and wealth dependence is lessened.
    * Disadvantages are lack of wealth neutrality, no equity improvement, and scarce resources sent to unneedy.

  * STATE LOANS
    * Districts must qualify for state loan funds.
    * Advantages are favorable interest rates and lower cost.
    * Disadvantages are wealth inequity and repayment costs.

  * BUILDING AUTHORITIES
    * Private capital to lease or purchase facilities.
    * Advantages are no debt limits, no referenda, and short timeline.
    * Disadvantages are the dubious wisdom of no debt limits, no referenda, and higher costs.

III. DETAIL OF INDIVIDUAL STATE METHODS

* Although virtually all states which participate in funding school facilities do so within one or more of the six basic plans just described, individual variations are numerous, complex, and continuously changing. The complexity makes detailed descriptions prohibitive, but a sense of purpose and operation can be gained from the descriptions of methods for each state which follow next. These are current for the 1990-91 year.

ALABAMA: Flat grant of $58.50 per classroom unit. Districts may also bond for additional needs, but debt cannot exceed 80% of annual local tax receipts. In 1986-87 state aid was $1,318,356. A current court challenge which is being mounted will include capital outlay.

ALASKA: Almost full state funding. After two legal challenges (*Matanuska*, 1988; *Kenai*, 1988), aid is now granted for both debt service and specific construction. Debt is funded on two levels: cost of projects begun before 7/1/87 is fully assumed by the state; projects after 7/1/87 are 80% state supported. Specific approved projects do not require local effort. In 1987 State support for debt service was $144,263,700 and project aid was $106,955,000.

ARIZONA: Equalized weighted grants. Districts calculate a Capital Outlay Revenue Limit (CORL) based on organizational structure and a sparsity factor: e.g., a K-8 district with fewer than 100 ADM calculates (CORL= ADM x $254.32 x 1.399). Dollars per pupil depend on the size of district and range from $210.51 to $254.32 for K-8 and $249.85 to $307.16 for 9-12. Revenue can be used for either capital outlay or maintenance. Districts also calculate a separate CORL for capital outlay, with amounts ranging from $163.56 to $197.60. A challenge in *Shofstall* (1973) addressed capital outlay.

ARKANSAS: State loans. Eight voted local mills are permitted for debt retirement. Excess revenues may be used in any manner. The state has also operated two loan funds: a revolving permanent fund of $2,350,000 and revolving certificate proceeds of $7,000,000. Additionally, the State Board can issue bonds up to $15,000,000 for 6-year loans. Restrictive requirements apply, including total debt limits of $150,000 from the permanent fund, maximum 18% AV debt limit, 10% interest, and State Board approval. Current plant operations can also be funded by referendum to approve a tax up to the lesser of 3% of current expenses or 2 mills. A legal challenge (*Dupree*, 1983) included facilities.

CALIFORNIA: Nearly full state funding. Nearly $1.6 billion has already been committed to current needs, and another $18 billion is needed for the next 10 years. Construction aid is roughly equal to project cost minus yield from a $1.50 per square foot developer's fee for residential and $0.25 for commercial property. Maintenance is on a dollar-for-dollar matching basis, limited to 1% of general fund amount. In addition, the state buys relocatable classrooms to lease to districts for $2,000 per unit. Even yet, needs are rapidly outpacing resources. Challenges (*Serrano*, 1971) have included capital outlay.

COLORADO: NO STATE AID. The state does regulate capital needs by limiting debt to 20% AV.

CONNECTICUT: Equalized grants from 40-80% of approved costs. Aid is granted on two levels: pre-1976 debts (non-equalized formula) with appropriation in 1986-87 of $7,355,843 and post-1976 (equalized) with appropriation in 1986-87 of $26,119,934. For current projects, debt is limited to 4.5 times the prior year's tax receipts. Regional schools (non-city schools) also receive an extra 10% aid subject to a total 85% aid limit.

DELAWARE: Percentage matching. Annual appropriations to pay state share of principal and interest on construction and renovation bonds. The state pays 60% of approved projects, and 100% for special and vocational schools. The local share of total costs is subject to referenda, and the local share cannot exceed 10% AV. State share in 1986-87 was $13,707,200.

FLORIDA: Almost full state funding. Revenues from state utility and vehicle taxes and local bond elections. Funding is per-classroom unit with the number of instruction units computed annually by multiplying the number of FTE in each district by program cost factors and dividing by 23. Because cost factors also include sparsity and density, aid for capital outlay is implicitly weighted. Community colleges also participate. Bond levies may not exceed 6 mills, and debt is limited to 10% AV for 20 years. In 1986-87, appropriations were $222,116,103.

GEORGIA: Equalized grants. Each district develops a 5-year plan. The State Board also projects each district's enrollment. Aid is then calculated as approved project cost less 10-25% local equalized share based on ability to pay. Debt is subject to a 10% AV lid. In 1986-87, state aid was $226,000,000.

HAWAII: Full state funding. The only statewide school district, Hawaii fully funds all school budgets, including capital outlay. Capital outlay is on a project-by-project basis, with legislators presenting specific needs. Projects are funded on a state-wide priority list and restrained by debt limits of 18.5% of state AV. No total capital outlay cost is available, although maintenance in 1986-87 was stated at $7,349,923. Current spending for capital outlay is about $203 per pupil.

IDAHO: NO STATE AID. Debt is limited to 5% AV of the district and referendum requires a 2/3 majority vote.

ILLINOIS: Equalized grants. With nearly 1,000 districts in the state, a Capital Development Board administers almost $68 million in state aid. Aid is equalized between 20-70%, with specific line-item appropriations from the state general fund made by the CDB to pay the state share. The board also manages state bond sales ($696 million in 1986-87) with the state's principal and interest share legislatively appropriated. Local districts fund the balance of costs.

INDIANA: Flat grants, state loans, and building authorities. A flat $40 per ADA grant, two levels of state loans, and school building authorities exist. The flat grant is given to all districts. Loans are authorized under a Common Building Fund ($19 million) and the Veterans Memorial School Construction Fund ($4.5 million). Common fund loans are limited to $2,000 per pupil and require local effort equal to the debt ceiling of 2% of district AV. Memorial funds are limited to $250,000 per district with repayment waivers for need or disaster. Repayment is withheld from basic general aid entitlement. Building authorities are the most common method by making private funds available to schools without the restrictive requirements of referenda or debt limits.

IOWA: NO STATE AID. Debt is limited to 5% AV.

KANSAS: NO STATE AID. Districts may budget for maintenance and operations in the equalized general fund (unequalized 1990-91) and may further divert some state monies into capital outlay reserves through the transfer mechanism, provided they are levying a minimum tax rate for capital outlay. Bonding requires voter approval and is subject to 14% debt limitation.

KENTUCKY: Flat grants. Funded at a flat $1,800 per classroom unit through the School Facilities and Construction Commission. The Commission is a state building authority which issues state bonds on behalf of districts. In 1986-87 approximately $10 million in bonds were issued. The difference between the state share of $1,800 per classroom and total costs is funded locally, with a required minimum local levy of $0.25 per $100 AV. These requirements may change subject to the state supreme court mandate in *Rose v Council for Better Education* (1989).

LOUISIANA: NO STATE AID. Debt is limited to 25% AV.

MAINE: Nearly full state funding for debt service. All costs for approved lease agreements and debt service for school construction are funded at 100% by the state.

MARYLAND: Full state funding for construction projects after 2/1/71, and principal and interest on all capital debt prior to 6/10/67 is paid by the state. There is no debt limit except in charter counties where the limit is 10% AV. Only the state has the authority to approve bond issues as schools are dependent units. In 1986-87, state aid was $178,045,713.

MASSACHUSETTS: Equalized grants for school construction costs at 50-65% of approved costs for cities, townships, and partial regions. For full regions, equalized grants range from 60-75%. The state also aids debt service at 50%. Following Proposition 2-1/2, debt is limited to 2.5% of AV in cities and 5% in towns. In 1986-87, aid was $17,438,920.

MICHIGAN: NO STATE AID. Debt is limited to 15% AV.

MINNESOTA: Equalized grants and loans. A three part program for buildings, equipment, and health/safety, and a loan program comprise state aids. Facilities revenue is $130 per weighted ADM. Equipment is $65 per WADM. Health/safety revenue is approved cumulative costs minus federal and local revenues. The local levy is then equalized as required revenue times the ratio of the district's 1987 Adjusted Gross Tax Capacity per 1989-90 WADM to 70% of the General Education Equalizing Factor or $6,780.20. Aid is the difference between required revenue and local levy. For any remaining unmet needs, districts must levy against local AV and borrow from the loan fund, with a required minimum effort of 16 mills to qualify. In 1986-87, state aid was approximately $2.7 million.

MISSISSIPPI: Flat grant of $18 ADA. An advance of 75% of anticipated receipts for the next 20 years is authorized. Debt is limited to 20% AV. In 1986-87, state funds totalled $12 million.

MISSOURI: NO STATE AID. Exceptions are that vocational programs and facilities are 50% state funded, and a one-time special appropriation for classroom computers was made. In 1986-87, area vo-tech school facility funding was $329,500.

MONTANA: NO STATE AID. Debt ceiling was recently raised from 29% AV to the current 45%.

NEBRASKA: NO STATE AID. Debt is limited to 14% AV on Class I and II districts (K-8 districts or K-12 districts less than 1,000 FTE). No limit applies to Class III-VI districts.

NEVADA: NO STATE AID. Debt is limited to 15% AV.

NEW HAMPSHIRE: Equalized grants. Equalized at 30-50% of principal and interest costs. Debt limits are 7% for towns and 10% for cooperative districts.

NEW JERSEY: Equalized grants. Equalized to district wealth of the prior year. Debt limits depend on type of district. K-12 districts are limited to 4% of 3-year average equalized real property value. Regional (9-12) districts and K-8 districts are limited to 3%; K-6 2.5%; 7-12 3.5%; and first class cities 8%. Capital outlay budgets are limited to 1.5% of the sum of current expenses and prior year's capital outlay budget. Recent court action in *Abbott* (1990) makes New Jersey's system in transition.

NEW MEXICO: Equalized grants. Equalized up to $70 per pupil. Districts qualify for general capital outlay funds, improvement funds, select funds, and emergency aid. General aid requires districts to be bonded to 75% of limit and pass a 2 mill improvement levy. Improvement funds are equalized as the difference between local tax yield and $35 per mill on a 1 or 2 mill local levy. Select funds are special projects. Debt limit is 6% AV. In 1986-87, general funds were $12 million, improvement funds $10 million, and select funds $2,947,500.

NEW YORK: Equalized grants. Aid is equalized based on cost of new construction in relation to rated pupil capacity, limited by a schedule of costs per pupil updated monthly. State aid is the sum of a base year and the current year's approved expense multiplied by the highest aid ratio since 1981-82. Approved expenses relate

NEW YORK (cont): to differing costs of K-6, 7-9, and 10-12 grades. Additional allowance is provided for special education. Incidental costs (site, furnishing, etc) are reimbursed up to 25%, and improvements are funded at 50%. Any remaining balance is a local share, subject to 10% full value limit for non-city districts and New York City, 5% for cities under 125,000, and 9% for cities over 125,000. In 1986-87, state aid was $218,900,000.

NORTH CAROLINA: Flat and special grants. Recent legislation has provided $3.2 billion over the next 10 years through the Public School Building Fund ($607 million) and Critical School Facility Needs Fund ($186 million) by earmarking corporate income. Flat grant per ADM from the Public School Building Fund is matched in a 1:3 ratio by districts. Critical Needs Fund makes grants based on need. Debt limit is 8% AV.

NORTH DAKOTA: State loans. Districts bond for facilities and the State School Construction Fund makes loans up to $1 million at 2.5% interest for 20 years. To qualify, the district must bond to the 15% AV limit and maintain a minimum 10 mill levy for capital outlay. Loans may not be used for gymnasiums and auditoriums except when an entire new school is constructed. In 1986-87, loan funds totalled $17 million.

OHIO: NO STATE AID. Exceptions are by including buses and vocational construction and equipment under capital outlay. Debt limit is 9% AV.

OKLAHOMA: NO STATE AID. Although an equalization formula for facilities was constitutionally permitted in 1955, it has not been funded or statutorily enacted. Laws have been liberalized so that capital outlay funds can be used for many non-capital purposes. Debt limit is 10% AV.

OREGON: NO STATE AID. Debt limit is .55% of full market value for grades K-8, and .75% for grades 9-12.

PENNSYLVANIA: Full state funding. A complex formula where the state pays the approved cost of a project where costs are by grade-level construction experience. Rental costs are also reimbursed. Debt limits, including nonvoted leeway, are complex computations based on the size and class of a school district. Nonvoted debt limit is 250% of the borrowing base, except in Philadelphia where the limit is 100%. If rental debt is included, the limits are increased to 300% and 150% respectively. In 1986-87, state support was $136 million.

RHODE ISLAND: Equalized grants. Minimum state share is 30% of actual costs including debt service, with average state aid at 38%. A somewhat complex formula calculates a "housing aid ratio". The aid ratio includes the difference between 75% of debt costs and the yield of a 3 mill tax levy, counting the difference into reimbursable state aid. Added support over the basic state aid percentage is given for handicap access, energy improvements, and so forth. Debt limit is 3%. In 1986-87, state costs were $3.3 million.

SOUTH CAROLINA: Flat grants. Facilities have been formally aided since 1751 and the current state program dates from 1951. Currently a flat grant of $30 ADA for grades 1-12 and $15 for kindergarten. Debt limit is 8%. In 1986-87 the state provided $32,163,948. In 1989-90, an extra $1.4 million was given.

SOUTH DAKOTA: NO STATE AID. Debt limit is 10% less current obligations.

TENNESSEE: Equalized grants. State share based on each district's property value in relation to a presumed 42.5% local share. Each LEA receives the calculated amount minus the local share. Up to 50% can be used for debt service, and no district receives less than its 1950-51 entitlement. In 1986-87, the state share was $11,826,900, exclusive of another $15 million for vocational education.

TEXAS: NO STATE AID. Exception is a Bond Guarantee Program which reduces district costs. Recent litigation in *Edgewood* (1989), however, cites facility equalization and will be addressed during the upcoming legislative session.

UTAH: Equalization grants. Enacted in 1977 with three major components. State pays costs beyond revenue from a 13.5 mill local levy under a Continuing Aid Component formula. A Critical Needs Component also grants additional aid under a complex formula. A Revolving Fund also makes loans. Restrictive measures apply with close state scrutiny. Debt limit is 20%. In 1986-87, the Continuing Aid and Critical Needs Components was $10.5 million, and the Revolving Fund was $1.7 million.

VERMONT: Equalized grants. Two separate funds for construction aid and debt service are available. The state pays an average of 30% of approved construction costs. Actual per-district aid is tied to the same equalized foundation percentage as general fund aid,

VERMONT (cont.)	ranging from 5-75%. Debt service has been funded separately at approximately 20%, but for 1990-91 moves into the general fund at the same ratio as construction aid. Debt limit is 10 times the 1% AV of true market value. In 1986-87 the combined funds amounted to $5,620,000.
VIRGINIA:	State loans and authorities. Literary Loan Fund makes loans up to $2 million with interest rates from 2-6% calculated on a sliding scale of ability to pay. Additionally, the Virginia Public School Bonding Authority guarantees loans which local districts must repay. Debt limit is 10% AV for cities; no debt limit for county districts.
WASHINGTON:	Equalized grants. Common School Construction Fund grants equalized aid inversely to local wealth and bonding strength of the district. Average aid is 50%, with the range from 20-90%. Debt limit is 5% AV with a further limit of 2.5% for construction. In 1986-87 state assistance totalled $70 million, with $65.8 million earmarked from the State Forest Fund.
WEST VIRGINIA:	Flat grants. Approved projects through the School Building Authority based on aggressive countywide consolidation efforts by the state in 1990. Average total flat grant is $12 million, targeted mainly for county school districts the state wants to consolidate. A comprehensive facilities plan which includes consolidation is required to qualify. Debt limit is 5% AV, with 100% excess levy option for 5 years.
WISCONSIN:	State loans. State loan fund of $41 million in reserves, supported by various public land sales and other income. Approval for loans is obtained from State Board of Commissioners of Public Lands and voters. Loan limit is $1 million per project, up to debt limit of 10% AV in K-12 districts, 5% in other districts, and 2% in Milwaukee.
WYOMING:	Equalized grants and loans. Capital Construction Act of 1977 provides grants and loans, with funds obtained from the permanent Wyoming mineral trust fund. Grant entitlement is per-classroom unit multiplied by a dollar amount minus the yield of a 4 mill levy on local AV. Loan entitlement is the amount in excess of 80% of debt capacity for up to 7 years. Debt limit is 10% AV. In 1986-87, available amount for grants and loans was $7,320,511.

GENERAL STATE METHODS

FLAT GRANTS	FULL FUNDING	STATE LOANS
Alabama	Alaska	Arkansas
Indiana	California	Indiana
Kentucky	Florida	Minnesota
Mississippi	Hawaii	North Dakota
North Carolina	Maine	Virginia
South Carolina	Maryland	Wisconsin
West Virginia	Pennsylvania	Wyoming

EQUALIZED GRANTS	PERCENTAGE MATCHING	BUILDING AUTHORITY	NO AID
Arizona	Delaware	Indiana	Colorado
Connecticut		Virgina	Idaho
Georgia			Iowa
Illinois			Kansas
Massachusetts			Louisiana
Minnesota			Michigan
New Hampshire			Missouri
New Jersey			Montana
New Mexico			Nebraska
New York			Nevada
North Carolina			Ohio
Rhode Island			Oklahoma
Tennessee			Oregon
Utah			South Dakota
Vermont			Texas
Washington			
Wyoming			

* Total is greater than 50 states because of multiple predominant methods in some states.

SUMMARY AND CONCLUSIONS

* The review of needs in the nation and Kansas demonstrates that significant problems exist which are compounded by the high cost of educational facilities and recent interest of the courts. Additionally, the various methods by which states fund school facilities are complex. But there are common features which both characterize and summarize facility finance in the fifty states:

  * States which aid capital outlay and current operations are far more common than states which offer no assistance, with more than 2/3 of all states making special provisions either through true grants-in-aid or loan funds.

  * Grants are more common than state loans, most likely in recognition that while loans are a significant benefit, they do not reduce the basic disparities which make districts inherently unequal in their ability to support facility needs.

  * Equalization grants are the most common method of state assistance, with 17 states granting aid in inverse proportion to ability to pay.

  * Even though state support levels vary from mere tokenism to full state assumption of costs, there appears to be a genuine attempt to make significant dollars available, as an average of 30-50% of costs is common.

  * A number of states have utilized more than one mechanism to aid facilities, most likely in order to bridge political difficulties and to take advantage of the strengths of the several basic aid mechanisms.

  * Equalization appears to have the greatest appeal regardless of geographic locale, while states which prefer flat grants tend to be southern states. Further, those states which do not aid facilities appear to be most densely clustered in the Midwest.

  * Finally, in 1990 only a minority of states do not provide assistance to the single most costly investment which districts face. In view of a cohort of facilities whose average age is now approaching the time when experts agree that facilities face accelerated deterioration coupled with difficult decisions about reconstruction or abandonment, the State of Kansas is wise in considering whether or not it should adopt an aid package for assisting school districts with their physical facility needs.

--END--

UCEA
Center for
Education Finance

CALL FOR PAPERS AND PROPOSALS

The UCEA Center for Education Finance is issuing a call for research proposals and completed works. The Center's mission seeks to comprehensively address the scope of education finance, particularly to consider the effect of resources on teaching and learning, and to focus on policy implications and implementation. Proposals from diverse perspectives and disciplines are encouraged.

The Center announces its commitment to solicit, evaluate, and broadly disseminate a series of monographs and occasional papers, and to establish a national clearinghouse for dissertations, technical studies, and relevant policy research.

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